

BUDGETWATCH

May 2017 Flash Report

Summary of April Budgetwatch (reporting on operations through March and subsidies through April):

Overall, results were favorable for the month, and remained favorable YTD. Passenger revenues were adversely affected by Winter Storm Stella ("Stella"), which hit on March 14, and other storms earlier in the year, increasing the unfavorable YTD variance to \$27 million. YTD toll revenue was unfavorable by \$0.5 million, with the impact of Stella offsetting favorable results through February. YTD expenses were \$81 million favorable, although much of that appears to be timing-related. YTD debt service was \$48 million favorable, with about two-thirds of the favorable variance the result of timing from the end of 2016. YTD total subsidy results were unfavorable by \$42 million; Petroleum Business Tax and Payroll Mobility Tax receipts were favorable by a combined \$27 million, but they offset less than half of the \$62 million shortfall in real estate transaction tax collections. April marked the third consecutive month of weak real estate-related tax collections, and the unfavorable receipts are a matter of concern.

Overall Latest Condition (reporting on operations through April and subsidies through May):

Passenger revenues were \$1.6 million below Budget in April, which increased the unfavorable YTD variance to \$26.8 million. The YTD variance reflects adverse weather during the first quarter, and in particular the impact of Stella in March. The April variance mainly reflects lower bus ridership at NYCT and MTA Bus, which was partially offset by favorable subway ridership. Commuter revenue was on target for the month and slightly unfavorable YTD. Toll revenue was unfavorable in April, reflecting lower average toll due to higher E-ZPass usage, and is on target YTD.

Preliminary expenses in April were \$55 million favorable, which increased the YTD favorable variance to \$138 million (3.5%). While energy costs are driving some of this favorable result, much of that variance appears to be timing-related. Within the expense totals were overtime expenses for the month that were \$5.9 million, or 11.3%, unfavorable, the result of higher overtime at NYCT; YTD overtime results, which also reflect the impact of Stella in March, were \$19.9 million, or 7.9%, unfavorable. Debt Service costs were unfavorable for the month, the result of a pre-funding initially scheduled for May; however, YTD Debt Service costs remain favorable due to lower than budgeted variable interest rates and a favorable \$32 million timing variance from 2016.

Subsidies through May were unfavorable by \$47 million. While Payroll Mobility Tax receipts were favorable by \$46 million, they offset just over half of the \$85 million shortfall in real estate transaction tax collections. After a very positive month of January (\$31 million favorable), May marks the fourth consecutive month of weak real estate-related tax collections.

Overall, preliminary net results were favorable for the month, and remain favorable YTD. However, the monthly below-Budget receipts in Real Estate continue to be a matter of concern and will be addressed in the Mid-Year Forecast.

Passenger and Toll Revenues

	YTD April 2017 (\$ in millions)				Month of April 2017 (\$ in millions)				
	Actual	Adopted Budget	Diff	%Diff	Actual	Adopted Budget	Diff	%Diff	
NYCT:					NYCT:				
Subway	\$1,095.0	\$1,105.5	(\$10.5)	-0.9%	Subway	\$283.0	\$281.7	\$1.3	0.5%
Bus	305.5	317.6	(12.1)	-3.8%	Bus	77.7	80.3	(2.6)	-3.3%
Other	30.1	30.9	(0.8)	-2.6%	Other	7.6	7.7	(0.1)	-1.4%
NYCT	\$1,430.7	\$1,454.0	(\$23.3)	-1.6%	NYCT	\$368.3	\$369.7	(\$1.4)	-0.4%
MTA Bus	67.7	70.8	(3.1)	-4.4%	MTA Bus	17.2	17.7	(0.5)	-2.6%
LIRR	227.9	225.6	2.3	1.0%	LIRR	59.7	59.7	(0.0)	-0.1%
MNR	227.8	230.4	(2.6)	-1.1%	MNR	60.4	60.1	0.4	0.6%
Sub-total	\$1,954.1	\$1,980.9	(\$26.8)	-1.4%	Sub-total	\$505.6	\$507.2	(\$1.6)	-0.3%
B&T	580.5	582.4	(1.9)	-0.3%	B&T	158.9	161.1	(2.3)	-1.4%
Total	\$2,534.7	\$2,563.3	(\$28.7)	-1.1%	Total	\$664.5	\$668.3	(\$3.8)	-0.6%

In April, **passenger revenues** were \$1.6 million, or 0.3%, unfavorable. While Subway revenue was favorable, overall NYCT and MTA Bus revenues were slightly unfavorable due to lower bus ridership. Revenue was slightly favorable at MNR due to higher non-commutation ridership and the LIRR was on target. YTD results were unfavorable at NYCT, MTA Bus and

MNR mainly due to inclement weather in the first quarter of 2017, while the LIRR was favorable mostly due to its calendarized forecast assuming greater winter weather impacts during the first quarter. **Toll revenues** were unfavorable for the month due to lower-than-forecasted average toll revenue resulting from higher-than-anticipated E-ZPass market share; YTD toll revenue is on target despite lower weather-related traffic resulting from Stella.

Total Operating Expenses before Non-Cash Liability Adjustments

YTD April 2017 (\$ in millions)					Month of April 2017 (\$ in millions)				
	Adopted		Diff	%Diff		Adopted		Diff	%Diff
	Actual	Budget			Actual	Budget			
NYCT	\$2,588.5	\$2,652.2	\$63.6	2.4%	NYCT	\$589.1	\$624.9	\$35.9	5.7%
MTA Bus	232.0	238.7	6.7	2.8%	MTA Bus	57.1	58.0	0.9	1.5%
LIRR	461.0	510.1	49.2	9.6%	LIRR	107.7	124.7	17.0	13.6%
MNR	415.3	424.0	8.7	2.0%	MNR	99.2	99.6	0.3	0.3%
B&T	144.0	153.5	9.4	6.1%	B&T	35.8	36.4	0.6	1.6%
Total	\$3,840.8	\$3,978.4	\$137.6	3.5%	Total	\$888.9	\$943.6	\$54.7	5.8%

Expenses for April were favorable by \$54.7 million, or 5.8%. NYCT was favorable by \$35.9 million, mostly due to the timing of health & welfare/OPEB expenses, as well as lower materials and supplies, paratransit, and energy costs. The LIRR's favorable variance of \$17.0 million was mostly due to the timing of both materials and supplies, and maintenance and professional services, as well as lower expenses for energy, claims, and labor. MTA Bus was favorable by \$0.9 million due to the timing of CNG billings, favorable diesel pricing, and lower professional services expenses, and B&T was favorable by \$0.6 million due to vacancies. MNR was \$0.3 million favorable, due mainly to the timing of contracted services and lower electric power rates.

YTD preliminary expenses were \$137.6 million, or 3.5%, favorable. NYCT was \$63.6 million favorable mainly due to the timing of health & welfare/OPEB expenses, as well as lower paratransit, energy, and maintenance contracts expenses. The LIRR was favorable by \$49.2 million, reflecting the timing for both materials and supplies, and maintenance and professional services, as well as lower expenses for energy, labor, due in part to vacancies, and OPEB due to fewer retirees and beneficiaries. MNR was favorable by \$8.7 million, mainly due to the timing of contracted services and electric power rates. B&T was favorable by \$9.4 million, mainly due to vacancies and the timing of major maintenance projects, and MTA Bus was \$6.7 million favorable mainly due to the timing of billings for compressed natural gas, favorable diesel pricing, and lower maintenance and professional services expenses.

Overtime

YTD April 2017 (\$ in millions)					Month of April 2017 (\$ in millions)				
	Adopted		Diff	%Diff		Adopted		Diff	%Diff
	Actual	Budget			Actual	Budget			
NYCT	\$168.4	\$151.5	(\$17.0)	-11.2%	NYCT	\$34.8	\$29.0	(\$5.8)	-20.1%
MTA Bus	21.5	18.8	(2.7)	-14.3%	MTA Bus	4.7	4.7	(0.0)	-0.4%
LIRR	42.8	40.3	(2.4)	-6.1%	LIRR	9.0	8.4	(0.7)	-7.9%
MNR	30.5	31.9	1.4	4.3%	MNR	7.0	7.7	0.6	8.4%
B&T	8.4	9.3	0.8	9.1%	B&T	2.1	2.1	0.0	0.2%
Total	\$271.7	\$251.8	(\$19.9)	-7.9%	Total	\$57.7	\$51.9	(\$5.9)	-11.3%

Preliminary overtime expenses for the month were \$5.9 million, or 11.3%, unfavorable. NYCT's \$5.8 million unfavorable variance (20.1%) is currently under review. The LIRR was 7.9% unfavorable due to right-of-way maintenance and vacancy/absentee coverage, while MNR was favorable by 8.4% due to higher staff availability attributable to additional staffing from recently graduated conductors. YTD preliminary overtime results were unfavorable by \$19.9 million or 7.9%, due mainly to inclement weather in the first quarter of 2017, particularly Winter Storm Stella in March.

Debt Service

Debt service expenses for April were \$249.9 million, which was \$31.3 million, or 14.3%, unfavorable primarily due to the pre-funding of May debt service obligations and was partially offset by lower than budgeted variable interest rates. YTD debt service expenses of \$894.8 million were \$16.7 million, or 1.8%, favorable; the favorable variance resulted from lower than budgeted variable interest rates and a favorable \$32 million timing variance from 2016. The \$61 million prefunding of debt service that was scheduled for May offset some of that favorable variance.

State Dedicated Taxes and Fees

	YTD May 2017 (\$ in millions)				Month of May 2017 (\$ in millions)				
	Adopted		Diff	%Diff	Adopted		Diff	%Diff	
	Actual	Budget			Actual	Budget			
MMTOA	\$162.1	\$162.1	\$0.0	0.0%	MMTOA	\$162.1	\$162.1	\$0.0	0.0%
PBT	244.2	246.2	(2.0)	-0.8%	PBT	30.3	46.6	(16.3)	-35.0%
PMT ¹	712.9	666.6	46.3	6.9%	PMT ¹	139.0	105.4	33.6	31.9%
MTA Aid ²	63.2	69.5	(6.3)	-9.1%	MTA Aid ²	0.0	0.0	0.0	0.0%
Total	\$1,182.4	\$1,144.4	\$38.0	3.3%	Total	\$331.4	\$314.1	\$17.3	5.5%

The first MMTOA payment for the year was received in May, and was on target with Budget. Petroleum Business Tax (PBT) receipts for May were \$16.3 million (35.0%) unfavorable, but YTD receipts were close to the forecast, only \$2.0 million (0.8%) unfavorable. May Payroll Mobility Tax (PMT) collections were favorable for the month, increasing the favorable YTD variance to \$46.3 million (6.9%); MTA Budget continues to closely monitor collections, as well as revisions to wage and salary forecasts in the MTA region. MTA Aid receipts for the year, reflecting the first quarterly payment received in March, were unfavorable by \$6.3 million (9.1%) and were impacted by timing of the transfer of funds to the MTA to facilitate the close of the State Fiscal Year. Had the MTA received the amount collected in the days after the transfer was made, the unfavorable YTD variance would have been reduced to \$3.5 million (5.1%). The second quarter MTA Aid transfer is scheduled for June and will include the residual collections from March.

Real Estate Transaction Taxes

	YTD May 2017 (\$ in millions)				Month of May 2017 (\$ in millions)				
	Adopted		Diff	%Diff	Adopted		Diff	%Diff	
	Actual	Budget			Actual	Budget			
MRT	\$187.6	\$190.4	(\$2.8)	-1.5%	MRT	\$34.3	\$38.1	(\$3.8)	-10.0%
NYC Urban	\$244.9	326.6	(\$81.8)	-25.0%	NYC Urban	\$46.7	65.3	(\$18.6)	-28.5%
Total	\$432.4	\$517.0	(\$84.6)	-16.4%	Total	\$81.0	\$103.4	(\$22.4)	-21.7%

Total real estate transaction taxes for May were \$22.4 million (21.7%) unfavorable to Budget, and the YTD variance was unfavorable by \$84.6 million (16.4%). After a very positive month of January (\$31 million favorable), this marks the fourth consecutive month of weak collections. When compared with last year through May, real estate taxes are \$133.6 million (23.6%) lower; Urban Tax was off last year's level by \$133.6 million, or 35.3%, while MRT is identical to last year's collections. It should be noted that 2016 Urban Tax receipts were augmented by \$49 million in tax receipts from one exceptionally large transaction.

Regional Mortgage Recording Tax³ receipts for May were \$3.8 million, or 10.0%, unfavorable; MRT-1 was unfavorable by \$3.5 million, and MRT-2 receipts were favorable by \$0.3 million. YTD MRT receipts were unfavorable by \$2.8 million (1.5%), with MRT-1 receipts \$4.4 million unfavorable and MRT-2 receipts \$1.5 million favorable.

New York City Urban Tax⁴ receipts for May were \$18.6 million, or 28.5%, unfavorable, and YTD Urban Tax receipts were \$81.8 million (25.0%) unfavorable due to low real estate activity. After strong results in January, monthly total Urban Tax receipts have been weak, with March and April receipts lower than at any time since March 2014; May receipts improved somewhat, and while continuing to underperform budget expectations were \$16 million greater than receipts in March and April. For May, the Real Property Transfer Tax (RPTT) portion of the Urban Tax was unfavorable by \$13.7 million, or 13.1%, while MRT receipts were \$4.9 million or 22.5% unfavorable. YTD, RPTT receipts were \$70.0 million (32.2%) unfavorable, while MRT receipts were \$11.7 million (10.8%) unfavorable.

¹ PMT replacement funds, that are expected to total \$244.3 million for the year, are excluded from the results reported in this table.

² MTA Aid includes the License Fee, Vehicle Registration Fee, Taxi Fee and Automobile Rental Fee.

³ Mortgage Recording Taxes consist of two separate taxes on mortgages recorded in the twelve-county region: MRT-1 is a tax on all mortgages, while MRT-2 is also imposed on residential real estate structures containing up to six dwelling units.

⁴ New York City Urban Taxes are imposed on commercial property and apartment building transactions within New York City. The MRT component is imposed on mortgages exceeding \$500,000, and the Real Property Transfer Tax component is imposed on transfers exceeding \$500,000.

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Regional Economy Report

New York City Employment

Sectors with Year-over-Year Employment Gains

- Construction, Mining, Natural Resources
- Financial Activities
- Education & Health Services
- Other Services
- Information
- Professional & Business Services
- Leisure & Hospitality
- Government

Sectors with Year-over-Year Employment Losses

- Manufacturing
- Trade
- Transportation, Utilities

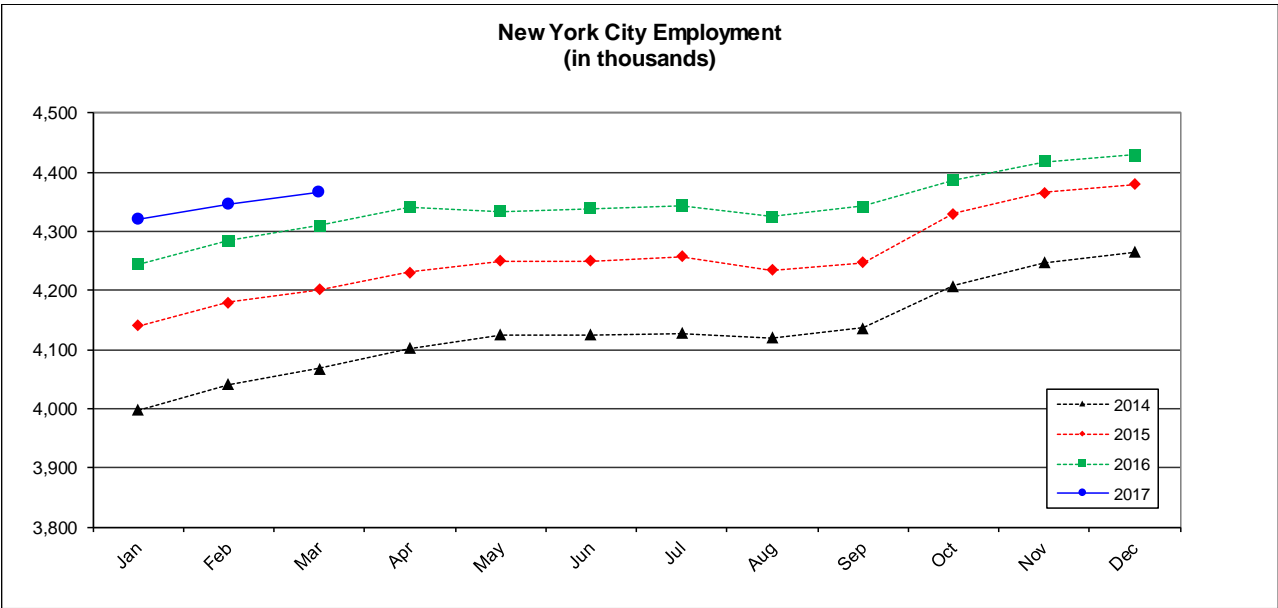
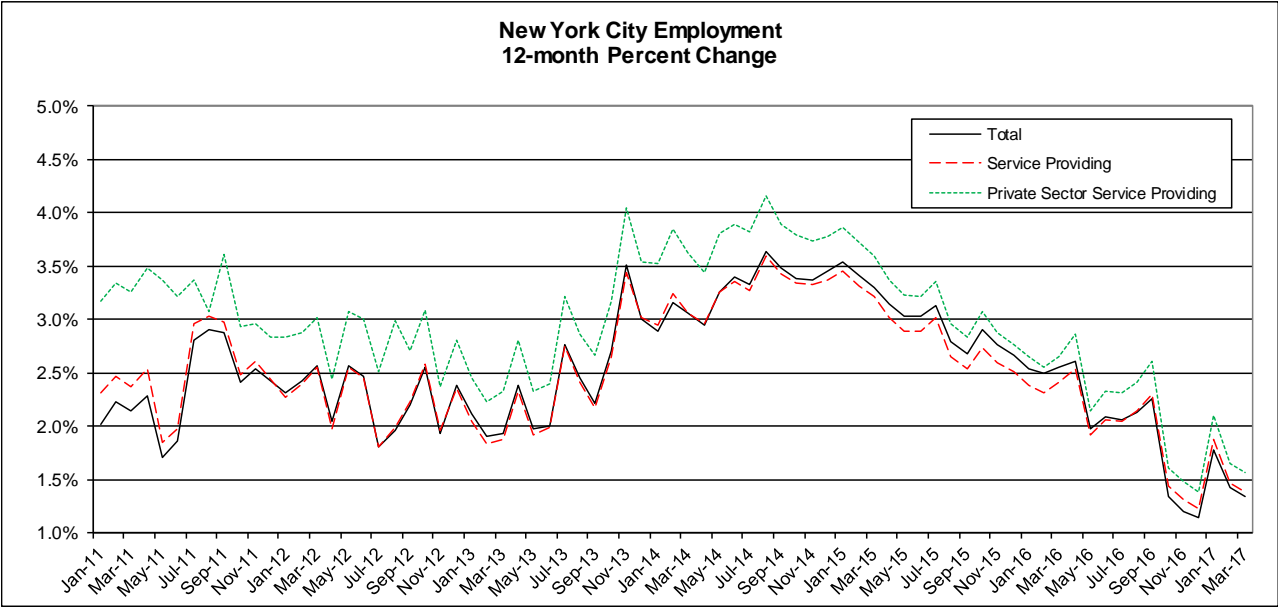
New York City Employment (in thousands)				Mar-17 versus			
	Prelim Mar-17	Revised Feb-17	Mar-16	Feb-17		Mar-16	
				Net	Pct	Net	Pct
Total Employment	4,366.6	4,344.4	4,308.7	22.2	0.5%	57.9	1.3%
Goods Producing	220.3	217.4	218.8	2.9	1.3%	1.5	0.7%
Construction, Mining, Nat Res	145.5	142.2	141.9	3.3	2.3%	3.6	2.5%
Manufacturing	74.8	75.2	76.9	(0.4)	-0.5%	(2.1)	-2.7%
Service Providing	4,146.3	4,127.0	4,089.9	19.3	0.5%	56.4	1.4%
Transportation, Utilities	132.4	131.9	134.7	0.5	0.4%	(2.3)	-1.7%
Trade	483.5	483.4	487.8	0.1	0.0%	(4.3)	-0.9%
Information	193.1	191.1	188.9	2.0	1.0%	4.2	2.2%
Financial Activities	466.0	463.6	464.3	2.4	0.5%	1.7	0.4%
Professional & Business Svcs	727.0	727.3	711.3	(0.3)	0.0%	15.7	2.2%
Education & Health Svcs	966.1	964.1	934.5	2.0	0.2%	31.6	3.4%
Leisure & Hospitality	436.0	427.5	430.2	8.5	2.0%	5.8	1.3%
Other Services	188.3	187.8	185.6	0.5	0.3%	2.7	1.5%
Government	553.9	550.3	552.6	3.6	0.7%	1.3	0.2%

Preliminary March 2017 employment in New York City shows a gain of 57.9 thousand jobs (1.3%) when compared to last March's employment level. This marks the eighty-fourth consecutive month in which employment has improved over its level from one year earlier. The Education & Health Services and the Professional and Business Services sectors experienced the greatest gains in the number of jobs among the major sectors, adding 31,600 and 15,700 jobs, respectively, over the past twelve months.

Employment in New York City's service-providing sectors increased by 56.4 thousand jobs (1.4%) over the March 2016 level. Private-sector service-providing employment in New York City increased by 55.1 thousand jobs (1.6%), the eighty-fifth consecutive month of year-to-year improvement.

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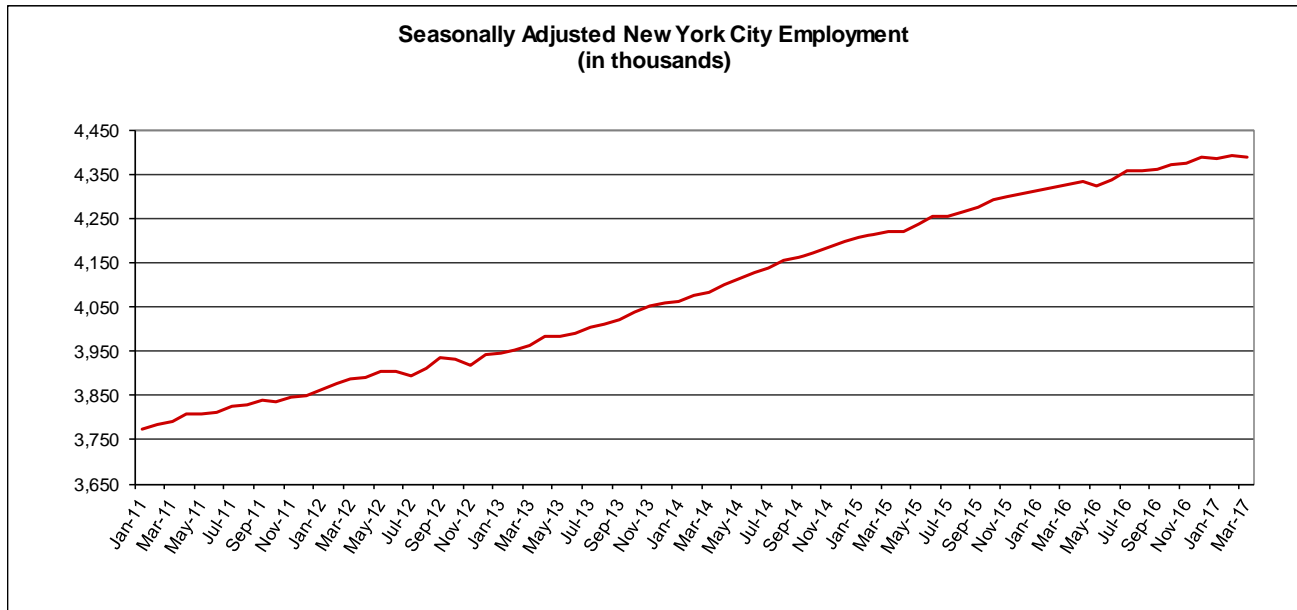
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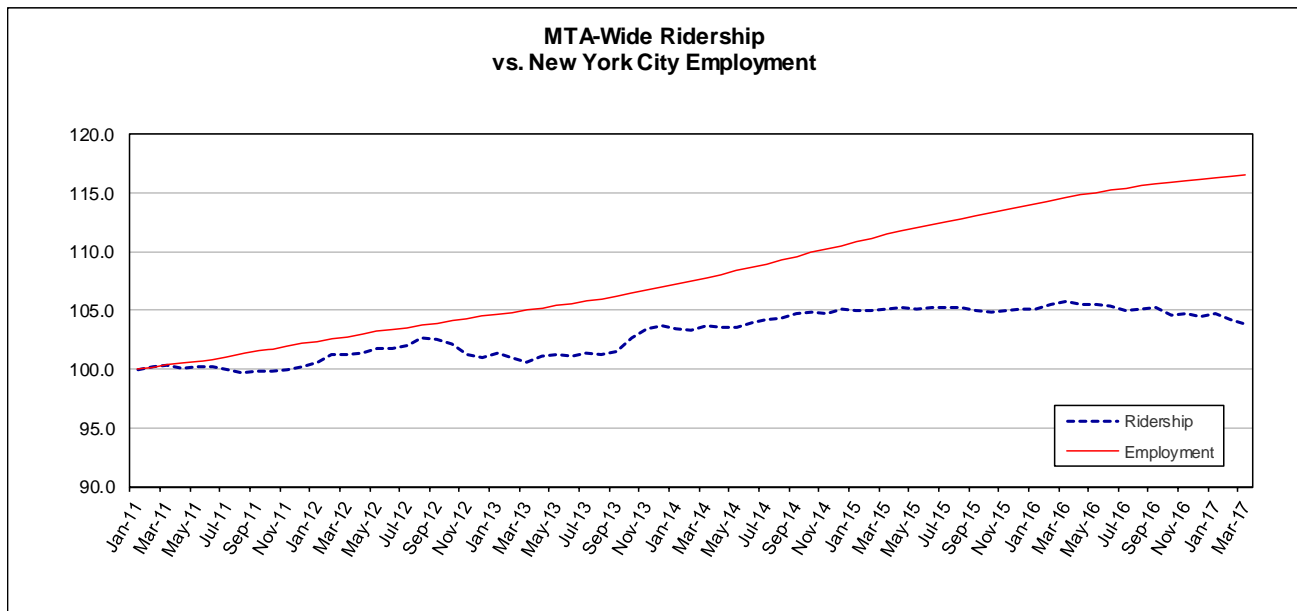
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In March, seasonally adjusted New York City employment of 4.39 million was higher than in March 2016 by 60.8 thousand jobs (1.4%), and was lower than last month by 3.3 thousand jobs (0.1%).



Ridership and Employment

In December 2008, the twelve-month moving average for employment began to decline after increasing in 56 of the previous 59 months. For sixteen consecutive months – though March 2010 – the twelve-month moving average fell, and employment levels declined by 3%. Since then, the twelve-month monthly employment average has increased with almost no interruption. Considering the more recent period since January 2011, while the twelve-month average for employment has increased 16.6%, annualized (12-month average) MTA-wide ridership has grown by 3.8%. The twelve-month average for ridership in March 2017 was 1.8% lower than one year earlier.



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Consumer Price Index

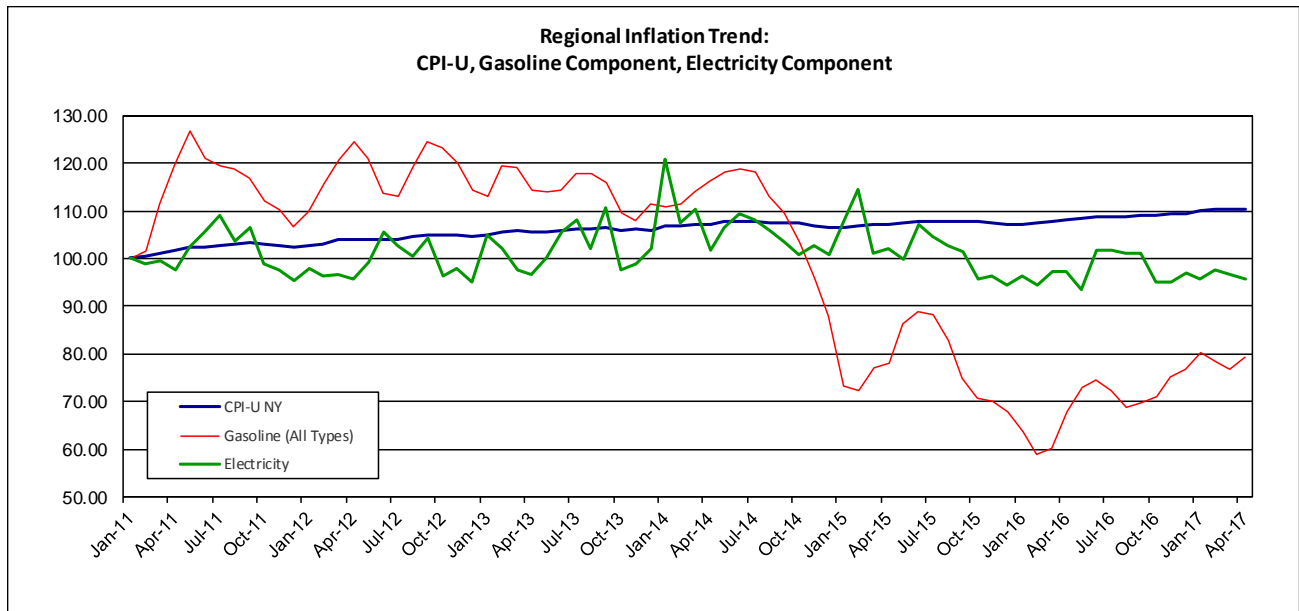
Goods Reporting Month-over-Month Price Increases

- Food
- Transportation
- Gasoline

Goods Reporting Month-over-Month Price Declines

- Apparel
- Medical Care
- Electricity

	Apr-17	Mar-17	Apr-16	Apr-17 versus			
				Mar-17		Apr-16	
				Net	Pct	Net	Pct
Regional CPI-U	267.95	267.58	262.62	0.37	0.1%	5.33	2.0%
Medical Care Component	471.47	476.23	458.62	(4.76)	-1.0%	12.85	2.8%
Electricity Component	174.62	176.24	177.48	(1.62)	-0.9%	(2.86)	-1.6%
Gasoline (all grades) Component	197.00	190.29	168.67	6.71	3.5%	28.32	16.8%
National CPI-U	244.52	243.80	239.26	0.72	0.3%	5.26	2.2%

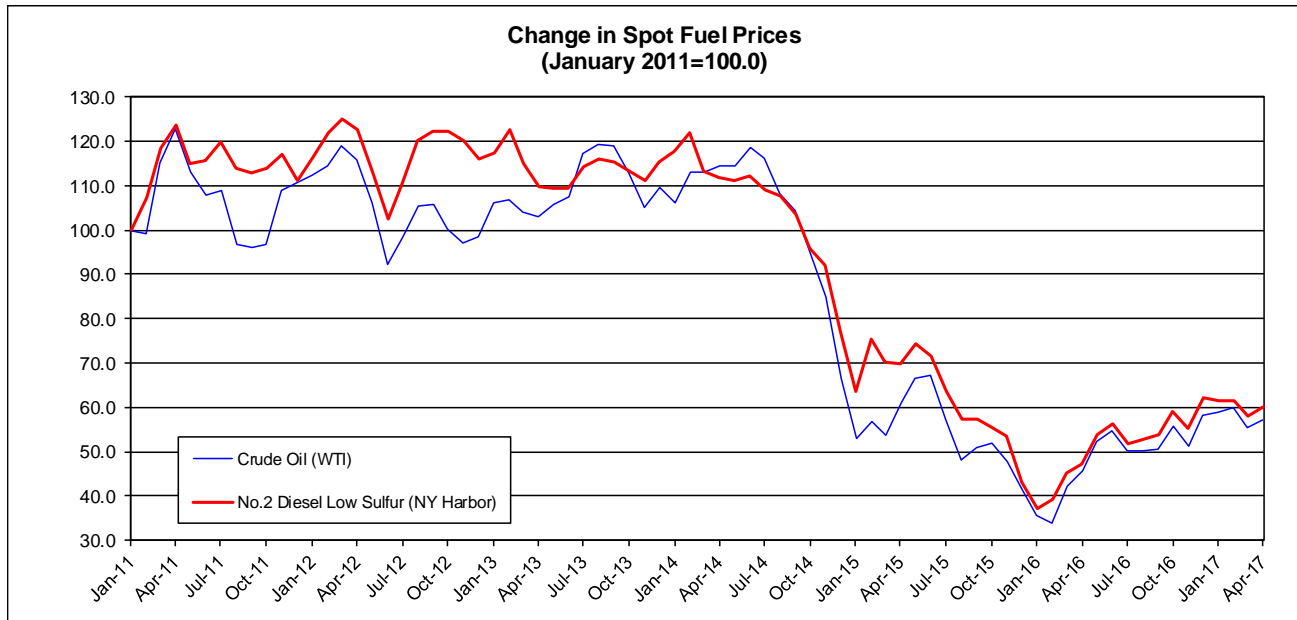


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Fuel Prices

Fuel - Spot Prices <i>NY Harbor, except Crude Oil (WTI)</i>	Latest Price:			Apr-17 versus		
	5/8/17	Apr-17	Mar-17	Apr-16	Mar-17	Apr-16
Crude Oil (\$/bbl)	46.46	51.06	49.33	40.75	3.5%	25.3%
Conventional Regular Gasoline (\$/gal)	1.46	1.61	1.49	1.45	8.0%	11.3%
Low Sulfur No.2 Diesel Fuel (\$/gal)	1.46	1.59	1.53	1.25	3.8%	27.2%
No.2 Heating Oil (\$/gal)	1.40	1.52	1.49	1.19	2.1%	28.2%



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Nassau, Suffolk Employment (in thousands)				Mar-17 versus			
	Prelim Mar-17	Revised Feb-17	Mar-16	Feb-17		Mar-16	
				Net	Percent	Net	Percent
Total Employment	1,320.3	1,312.4	1,300.5	7.9	0.6%	19.8	1.5%
Goods Producing	143.7	141.5	145.2	2.2	1.6%	-1.5	-1.0%
Construction, Mining, Nat Res	73.1	70.7	73.6	2.4	3.4%	-0.5	-0.7%
Manufacturing	70.6	70.8	71.6	-0.2	-0.3%	-1.0	-1.4%
Service Providing	1,176.6	1,170.9	1,155.3	5.7	0.5%	21.3	1.8%
Transportation, Utilities	43.9	43.6	42.0	0.3	0.7%	1.9	4.5%
Trade	232.5	232.7	226.6	-0.2	-0.1%	5.9	2.6%
Information	19.1	19.1	19.3	0.0	0.0%	-0.2	-1.0%
Financial Activities	70.6	70.6	71.7	0.0	0.0%	-1.1	-1.5%
Professional & Business Svcs	172.8	172.5	169.7	0.3	0.2%	3.1	1.8%
Education & Health Svcs	268.1	265.9	259.5	2.2	0.8%	8.6	3.3%
Leisure & Hospitality	112.2	110.3	112.1	1.9	1.7%	0.1	0.1%
Other Services	57.8	57.4	58.2	0.4	0.7%	-0.4	-0.7%
Government	199.6	198.8	196.2	0.8	0.4%	3.4	1.7%

Orange, Rockland, Westchester Employment (in thousands)				Mar-17 versus			
	Prelim Mar-17	Revised Feb-17	Mar-16	Feb-17		Mar-16	
				Net	Percent	Net	Percent
Total Employment	704.4	697.3	696.7	7.1	1.0%	7.7	1.1%
Goods Producing	66.0	64.6	67.9	1.4	2.2%	-1.9	-2.8%
Construction, Mining, Nat Res	37.2	35.8	38.3	1.4	3.9%	-1.1	-2.9%
Manufacturing	28.8	28.8	29.6	0.0	0.0%	-0.8	-2.7%
Service Providing	638.4	632.7	628.8	5.7	0.9%	9.6	1.5%
Transportation, Utilities	25.9	25.7	25.3	0.2	0.8%	0.6	2.4%
Trade	116.9	116.4	116.0	0.5	0.4%	0.9	0.8%
Information	12.8	12.8	13.0	0.0	0.0%	-0.2	-1.5%
Financial Activities	37.1	36.9	36.9	0.2	0.5%	0.2	0.5%
Professional & Business Svcs	90.8	89.7	86.9	1.1	1.2%	3.9	4.5%
Education & Health Svcs	153.6	153.2	149.5	0.4	0.3%	4.1	2.7%
Leisure & Hospitality	57.6	55.1	59.3	2.5	4.5%	-1.7	-2.9%
Other Services	32.3	32.4	31.6	-0.1	-0.3%	0.7	2.2%
Government	111.4	110.5	110.3	0.9	0.8%	1.1	1.0%

Dutchess, Putnam Employment (in thousands)				Mar-17 versus			
	Prelim Mar-17	Revised Feb-17	Mar-16	Feb-17		Mar-16	
				Net	Percent	Net	Percent
Total Employment	143.4	141.7	143.2	1.7	1.2%	0.2	0.1%
Goods Producing	17.6	17.3	17.6	0.3	1.7%	0.0	0.0%
Construction, Mining, Nat Res	7.6	7.4	7.5	0.2	2.7%	0.1	1.3%
Manufacturing	10.0	9.9	10.1	0.1	1.0%	-0.1	-1.0%
Service Providing	125.8	124.4	125.6	1.4	1.1%	0.2	0.2%
Transportation, Utilities	4.1	4.0	3.9	0.1	2.5%	0.2	5.1%
Trade	19.8	19.5	20.2	0.3	1.5%	-0.4	-2.0%
Information	1.9	1.8	2.0	0.1	5.6%	-0.1	-5.0%
Financial Activities	4.7	4.7	4.5	0.0	0.0%	0.2	4.4%
Professional & Business Svcs	11.2	11.1	11.2	0.1	0.9%	0.0	0.0%
Education & Health Svcs	38.0	37.8	37.5	0.2	0.5%	0.5	1.3%
Leisure & Hospitality	12.6	12.2	13.3	0.4	3.3%	-0.7	-5.3%
Other Services	7.1	7.0	6.8	0.1	1.4%	0.3	4.4%
Government	26.4	26.3	26.2	0.1	0.4%	0.2	0.8%

